



Stewart David Nozette

- Age 54 at time of sentencing
- Ph.D. in Planetary Sciences from the Massachusetts Institute of Technology
- Worked on the development of state-of-the-art programs in defense and space
- Worked at the White House on the National Space Council, Executive Office of the President
- Also worked as a physicist for the U.S. Department of Energy's Lawrence Livermore National Laboratory, where he designed highly advanced technology



CDSE

Center for Development
of Security Excellence

CASE STUDY

Attempted Espionage, Conspiracy to Defraud the U.S., and Tax Evasion

WHAT HAPPENED

Stewart David Nozette was the president, treasurer, and director of the Alliance for Competitive Technology (ACT), a non-profit organization that he organized in March 1990. Between January 2000 and February 2006, Nozette entered into agreements with several government agencies to develop highly advanced technology. Nozette performed this research and development at the U.S. Naval Research Laboratory (NRL), the Defense Advanced Research Projects Agency (DARPA), and National Aeronautics and Space Administration's (NASA) Goddard Space Flight Center.

Nozette used ACT to defraud the NRL, DARPA, and NASA by making more than \$265,000 in fraudulent reimbursement claims. He also admitted he willfully evaded more than \$200,000 in federal taxes. In addition, he admitted to using ACT because of its non-profit status to receive income and pay personal expenses, such as mortgages, automobile loans, and sedan services.

Investigators suspected that Nozette had misused government information. From 1989 through 2006, Nozette held security clearances as high as Top Secret and had regular, frequent access to classified information and documents related to the national defense of the United States.

On September 3, 2009, Nozette was contacted by telephone by an individual purporting to be an Israeli intelligence officer from the Mossad but was, in fact, an undercover employee of the Federal Bureau of Investigation. That same day, Nozette informed the undercover employee he had clearances "all the way to Top Secret SCI" and that anything "that the U.S. has done in space I've seen." He stated he would provide classified information for money and a foreign passport to a country without extradition to the United States.

Over the next several weeks, Nozette had multiple contacts with the agent and took \$10,000 in cash left at pre-arranged drop-off sites. Nozette provided information classified as Secret and Top Secret/Sensitive Compartmented Information (TS/SCI) and that related to the national defense, including information about satellites, early warning systems, and means of defense or retaliation against large-scale attack and major elements of defense strategy.

INDICATORS

- **Access Attributes** – Nozette held a Top Secret clearance. His work gave him access and a need-to-know for information pertaining to some of the Nation's most highly valued material.
- **Financial Considerations** – Nozette used ACT to defraud the NRL, DARPA, and NASA by making more than \$265,000 in fraudulent reimbursement claims. He also admitted he willfully evaded more than \$200,000 in federal taxes. In addition, he admitted to using ACT because of its non-profit status to receive income and to pay personal expenses, such as mortgages, automobile loans, and sedan services.

IMPACT

- Nozette was sentenced to 13 years in prison for attempted espionage, conspiracy to defraud the United States, and tax evasion.
- “Stewart Nozette’s greed exceeded his loyalty to our country,” U.S. Attorney for the District of Columbia Ronald C. Machen, Jr. “He wasted his talent and ruined his reputation by agreeing to sell national secrets to someone he believed was a foreign agent. His time in prison will provide him ample opportunity to reflect on his decision to betray the United States.”
- “Stewart Nozette betrayed his country” said Assistant Attorney General for National Security Lisa Monaco, “and the trust that was placed in him by attempting to sell some of America’s most closely-guarded secrets for profit. Today, he received the justice he deserves. As this case demonstrates, we remain vigilant in protecting America’s secrets and in bringing to justice those who compromise them,” said Assistant Attorney General Monaco.

ADDITIONAL INFO

- Nozette and the undercover employee met for the final time on October 19, 2009, at the Mayflower Hotel. During that meeting, Nozette pushed to receive larger payments for the secrets he was disclosing, declaring that, “I gave you even in this first run, some of the most classified information that there is. I’ve sort of crossed the Rubicon.” Nozette was arrested soon after he made these statements.
- Nozette’s sentence covered charges in two cases. In one, he pleaded guilty in January 2009 to fraud and tax charges stemming from more than \$265,000 in false claims he submitted to the government. In the other, Nozette pleaded guilty in September 2011 to attempted espionage.
- Nozette was also ordered to pay more than \$217,000 in restitution to the government agencies he defrauded.
- Nozette admitted to illegally stashing classified material in safe deposit boxes because he knew the information would become valuable one day.
- Nozette frequently told people that he wanted to be a spy. He often shared his fantasies of being a secret agent.

Questions to consider:

- What are the challenges of detecting insider threats in personnel who hold senior positions or within special programs?
- What could motivate a distinguished scientist like Nozette to betray his country?

Resources for further exploration:

- Engineering a Traitor Graphic Novella (<https://www.cdse.edu/Portals/124/Documents/jobajds/insider/engineering-a-traitor-graphic-novella.pdf?ver=lr5tsW20Gkw2jGSdFrHeZw>)
- DoD Prevention, Assistance, and Response Capabilities Short (<https://securityawareness.usalearning.gov/cdse/multimedia/shorts/parc/menu.html>)
- The Psychology of Spies Webinar (<https://www.cdse.edu/Training/Webinars-and-Conferences/Webinar-Archive/The-Psychology-of-Spies/>)

Supporting Through Reporting!

Contact the appropriate POC to report any observed potential risk indicators:

Name: _____ Agency/Department: _____
Title: Supervisor/Security Officer/ITP Senior Official/ITP Manager